

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF TEXAS
3 MARSHALL DIVISION
4 PPS DATA, LLC) ()
5) (CIVIL ACTION NO.
6) (2:18-CV-07-JRG
7 VS.) (MARSHALL, TEXAS
8) ()
9 JACK HENRY & ASSOCIATES,) (AUGUST 26, 2019
10 ET AL.) (1:47 P.M.

15 APPEARANCES:

16 FOR THE PLAINTIFF: (See Attorney Attendance Sheet docketed
in minutes of this hearing.)

17

18 FOR THE DEFENDANTS: (See Attorney Attendance Sheet docketed
in minutes of this hearing.)

19

20 COURT REPORTER: Shelly Holmes, CSR, TCRR
Official Reporter
21 United States District Court
Eastern District of Texas
22 Marshall Division
100 E. Houston Street
23 Marshall, Texas 75670
(903) 923-7464

24

25 (Proceedings recorded by mechanical stenography, transcript produced on a CAT system.)

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1 COURT SECURITY OFFICER: All rise.

2 THE COURT: Be seated, please.

3 All right. Counsel, this is a second pre-trial
4 hearing in the PPS Data versus Jack Henry & Associates
5 matter. This is Civil Case No. 2:18-CV-007.

6 Let me call for announcements on the record at
7 this time.

8 What says the Plaintiff, PPS Data?

9 MR. SON: Good afternoon, Your Honor. Anthony Son
10 from Maddox Edwards on behalf of Plaintiff, PPS Data. I'm
11 joined here today by my colleagues, Mr. Steven Maddox and
12 Mr. Kaveh Saba.

13 THE COURT: You're ready to proceed?

14 MR. SON: We are, Your Honor.

15 THE COURT: What's the announcement from the
16 Defendant, Jack Henry & Associates?

17 MR. MAZINGO: Your Honor, Jason Mazingo here on
18 behalf of Jack Henry & Associates, along with Jay Heidrick
19 and Jason Wietjes, Your Honor. And we also have our client
20 representative, Assistant General Counsel for Jack Henry,
21 Andy Wimmer.

22 THE COURT: And you, too, are ready to proceed?

23 MR. MAZINGO: We are, Your Honor.

24 THE COURT: All right. Counsel, I have filed
25 earlier today -- you probably have just received it

1 electronically -- a preliminary order regarding the 101
2 motion where I've indicated to you that the Court's
3 completed its review and analysis but hasn't completed the
4 drafting of the order itself with the Court's reasoning set
5 forth therein. But given the timeline that we're on, the
6 Court felt it would be beneficial to both sides to know
7 what the ultimate decision with that -- with regard to that
8 matter was from the Court's standpoint.

9 And, therefore, I've issued this one-page order
10 today indicating that all things considered and for the
11 reasons that will be set forth in the Court's more fulsome
12 order to be filed hopefully by the end of this week, I'm
13 going to deny the 101 motion.

14 That said, I've previously heard the Defendant's
15 summary judgment motion for non-infringement and denied
16 that.

17 I've heard the Daubert motion with regard to
18 Dr. Michalson, and I've denied that, as well.

19 And I've heard the motion to strike portions of
20 Dr. Michalson's expert report brought by PPS Data, and I've
21 granted that in part and denied that in part as previously
22 announced at the prior pre-trial hearing.

23 Based on that, together with the recent indication
24 I just addressed concerning the 101 matter, it appears to
25 the Court that that takes us through the dispositive

1 motions and gets us to the disputed motions in limine.

2 With regard to the motions in limine, there are
3 certain agreed-to motions in limine the Court's aware of,
4 and there has been a narrowing since the last pre-trial of
5 the disputed motions in limine between the parties. And
6 I'm going to attempt to go through all of those with you
7 now.

8 This has been somewhat of a moving target, given
9 the late-breaking accommodations and withdrawals that have
10 been indicated to the Court from the parties. And that's
11 not a negative in any way. I want to commend the parties
12 for their continuing efforts to meet and confer and narrow
13 these issues. I simply say that to say if I should get any
14 of these wrong today, somebody stand up and correct me, and
15 we'll make sure we get the record as it should be and
16 maintain it in an accurate manner.

17 With regard to the agreed MILs, it appears that
18 there are seven agreed MILs that would be granted,
19 including characterizing the parties, disparaging
20 characteristics, disparaging the U.S. Patent and Trademark
21 Office, mentioning the Court's prior rulings, mentioning
22 the localized effect of the judgment, obeying and
23 discussing the Court's claim constructions, and any
24 arguments regarding Ensentia. All those appear to be agreed
25 to by both Plaintiff and the Defendant. And to my reading

1 of the parties' agreements is that those seven motions in
2 limine by agreement of the parties would all be granted.

3 Do Plaintiff and Defendant concur with that?

4 MR. SON: On behalf -- Anthony Son on behalf of
5 PPS Data, yes, Your Honor, we agree to that.

6 THE COURT: Defendants, is that your view of it?

7 MR. HEIDRICK: Yes, Your Honor. This is Jay
8 Heidrick on behalf of Defendant.

9 THE COURT: Okay. Then those seven identified
10 agreed motions in limine are granted by agreement.

11 That moves us to what remains in dispute. Let's
12 begin with Plaintiff's Motion in Limine No. 1, which has to
13 do with the 14/185,667 application. And let me hear from
14 Plaintiff on this first.

15 From the podium, please, Mr. Maddox.

16 MR. MADDOX: Sure. The -- if I may call it, the
17 '667 application is not part of the prosecution history in
18 this case. It's a subsequent application that Defendants
19 don't say the claims are the same. In fact, they don't
20 compare the claims at all.

21 There was a rejection in that -- that case --
22 those claims, under 101. And the patentee decided to
23 abandon the application, rather than proceed forward with
24 it and go with the patents we've got.

25 We raised this motion because in their 101 summary

1 judgment motion, they seem to be arguing that this
2 subsequent and a different application 101 rejection and
3 abandonment is evidence that the claims at issue in this
4 case have only conventional and routine well-known steps.
5 And we think that's -- we think it's totally irrelevant,
6 but at -- at worst, we think its relevance would be far
7 outweighed by the risk of confusion.

8 And we think a very similar situation came up in
9 L.C. Eldridge Sales where the Court excluded this time a
10 final rejection from a continuation of the patents-in-suit
11 for that very reason.

12 THE COURT: Well, I understand your 403 argument.
13 In addition to the 403 argument, tell me, again, why you
14 think this should be -- this particular motion should be
15 granted.

16 MR. MADDOX: Because it's irrelevant. The claims
17 are different. There's been no comparison with claims.
18 They're not even saying they're similar or whatever --
19 whatever software you would use. It's different claims,
20 and an incomplete application. It -- it seems to have no
21 relevance at all.

22 THE COURT: So 402 and 403?

23 MR. MADDOX: Yes, sir.

24 THE COURT: All right. What's the response from
25 Defendants -- or Defendant, I should say?

1 MR. WIETJES: Your Honor, Jason Wietjes for
2 Defendant.

3 Contrary to Plaintiff's position on this, we do
4 believe that this application and the record regarding this
5 application before the Patent Office is relevant,
6 particularly given the Court's determination that there's a
7 fact question as to the routine and conventional nature of
8 the claims asserted in this case.

9 During prosecution, it's important to note that
10 the '667 application claims priority to the same
11 application that issued as the '430 patent. The '430
12 patent is asserted in this litigation.

13 The patent examiner denied the claims of the '667
14 application in part based upon a determination that the --
15 the claims were directed to routine and conventional
16 subject matter. In that sense, it's that routine and
17 conventional subject matter that this application is
18 directly on point.

19 It's not a question of whether or not the '667
20 application and the record at the Patent Office is somehow
21 *prima facia* evidence of the invalidity under Section 101 of
22 the asserted claims. It's not. And that's not what we're
23 saying. But it does go directly to the heart of the matter
24 on the 101 issue, which is whether or not the subject
25 matter of the claims is routine and conventional.

1 We also --

2 THE COURT: How -- how does it -- how does it
3 avoid boiling down in the final analysis to this
4 application was routine and conventional? It's kind of
5 like what's before you, so what's before you is routine and
6 conventional.

7 MR. WIETJES: Well, I think that would be
8 Defendant's burden would be to show that the claims that
9 were rejected as part of the '667 application cover the
10 same subject matter as the claims asserted in this
11 litigation. If it's a fact question, Your Honor, we
12 believe it's a fact question, and that would be subsumed in
13 that analysis.

14 THE COURT: Well, the fact question before the
15 jury, though, is going to be, are the claims asserted in
16 this case well-understood, routine, and conventional, not
17 the claims in some other application routine, conventional,
18 and well-understood.

19 MR. WIETJES: Understood.

20 THE COURT: I mean, that's where the -- that's
21 where the -- at least in my view, that's where the
22 possibility of confusion comes in.

23 MR. WIETJES: I think that's a fair question to
24 ask, Your Honor, but I think that to the extent that
25 there's testimony elicited during trial, that would be

1 subject to an objection by the Plaintiff, and that the jury
2 is entitled to weigh the full record before the Patent
3 Office in making its determination as to the routine and
4 conventional nature of these claims.

5 And the fact that the Patent Office determined
6 that very similar claims, we believe, that we'll be able to
7 show at trial cover the same subject matter, the fact that
8 the Patent Office found those claims to be rejected as
9 routine and conventional is certainly something that the
10 jury is entitled to consider in reaching its determination
11 on that issue.

12 THE COURT: And it's true in this case that the
13 claims of the '667 were rejected as well-understood,
14 routine, and conventional pre-BASCOM and pre-Berkheimer
15 based on the field of the invention-type analysis, correct?

16 MR. WIETJES: That -- I believe that's correct,
17 Your Honor.

18 THE COURT: All right. Do you have anything else
19 for me on this?

20 MR. WIETJES: Nothing further on this particular
21 issue.

22 THE COURT: All right. Well, with regard to
23 Plaintiff's disputed Motion in Limine No. 1, based on Rule
24 11's 403, I'm going to grant this. I think there is a real
25 risk of confusion before the jury. I'm concerned about the

1 fact that the '667 application was a pre-BASCOM,
2 pre-Berkheimer rejection.

3 As with any grant of a motion in limine and as
4 Defense counsel well understands, this is not an absolute
5 prohibition. And in the course of the trial if either the
6 door is opened or there's a basis that develops that you
7 believe would support me granting you leave to go into
8 this, you certainly have the right to approach the bench
9 and ask for that leave at that time. But you're precluded
10 from mentioning it in the presence the jury without advance
11 leave from the Court.

12 MR. WIETJES: Understood, Your Honor.

13 THE COURT: Okay. Let's go on to Plaintiff's
14 Motion in Limine No. 2. This has to do with dropped
15 claims. Let me hear from Plaintiff on this, please.

16 And this also has to do with Dr. Ugone's damages
17 testimony. And that reminds the Court, I'm going to direct
18 both sides to email to the Court, through its staff,
19 complete copies of all the expert reports in PDF-searchable
20 format, and do that probably within the next 48 hours.

21 MR. SABA: Yes, Your Honor.

22 THE COURT: All right. Let's -- let's talk about
23 Plaintiff's MIL No. 2.

24 MR. SABA: Good afternoon, Your Honor. Kaveh Saba
25 from the Maddox Edwards firm on behalf of the Plaintiff,

1 PPS Data.

2 With respect to this motion, we don't -- first of
3 all, we don't believe that Jack Henry has put forth any
4 relevance of mentioning previously asserted but now dropped
5 claims and patents. What Jack Henry says is that, well,
6 it's -- it's relevant to apportionment of reasonable
7 royalty damages.

8 We don't think that can be true, at least because
9 the experts in this case agreed that the hypothetical
10 negotiation is as of 2007 as to the existing patents and
11 the future patents within that family.

12 Further, Jack Henry's expert didn't even offer an
13 apportionment theory between the patents that are asserted
14 from the family in this case and the several that were
15 never asserted in this case.

16 So their expert never even had an apportionment
17 theory in that sense at all. And we think that even if
18 Jack Henry wanted to raise such an apportionment theory, if
19 their expert had talked about it, they could simply say
20 that, for example, the dropped '956 patent is unasserted
21 just like those other two patents in the family that aren't
22 asserted. It's simply not relevant whether the claim was
23 asserted at the beginning and then later dropped for
24 purposes of the -- the alleged relevance that they raised.

25 The only reason to present the fact that a patent

1 was dropped and further, as Jack Henry wants to do, to
2 raise a covenant not to sue before the jury is frankly to
3 put some doubt about the other patents and their
4 infringement and invalidity.

5 Secondly, if there were any relevance, we think
6 the risk of undue prejudice and jury confusion should lead
7 to exclusion under Rule 403. We cited several cases from
8 this Court and other Courts that we think make clear on
9 this point that -- that 403 is a basis for exclusion of --
10 of dropped claims and patents.

11 Jack Henry's response offered nothing to the
12 contrary.

13 And we think that, finally, preclusion makes sense
14 just as a matter of encouraging parties to streamline the
15 case, as we have done here, and, frankly, as we intend to
16 further look at and consider doing with respect to the
17 number of patents and number of claims we have in this
18 case.

19 I think if the type of argument or evidence that
20 Jack Henry is proposing to -- to bring forward about
21 dropped claims, dropped patents, covenants not to sue is
22 allowed, it strongly discourages patentees to -- to limit
23 the number of claims, to limit the number of patents as the
24 case proceeds to avoid having patents viewed as weak.

25 THE COURT: Let me -- let me interrupt you,

1 Mr. Saba.

2 MR. SABA: Sure.

3 THE COURT: I think it's important for the Court
4 to have a clear understanding of the context here. The
5 report generated by Dr. Ugone, who's Plaintiff's damages
6 expert, included references to claims to patents that
7 subsequent to the issuance of that report have been dropped
8 from the case. And notwithstanding that, there was never
9 an amended report brought forward by Dr. Ugone, nor was
10 there a Daubert motion challenging his original report
11 brought forward by Defendants.

12 And so for whatever reason, we have an expert
13 report on the eve of trial that addresses claims in the
14 patents that are no longer in the case, and it's never been
15 cleaned up or -- or updated. And so we now have the
16 dilemma of what do we do about the portions of those
17 expert -- of that expert report that are no longer
18 relevant, given that those claims and patents have been
19 dropped.

20 And I don't know if the fault lies on the
21 Defendant's side for failing to bring a Daubert motion,
22 which I would have expected, or if the fault lies on the
23 Plaintiff's side for failure to seek leave to amend the
24 report in light of the dropped claims.

25 But the problem we have is a problem of the

1 parties' making because everybody saw the report in its
2 original state, knew as we moved forward that those claims
3 are no longer in the case, knew that the report hadn't been
4 updated, and now here we are.

5 So do you have some explanation -- I know -- I
6 know where we started, and I know where we are. Do you
7 have some explanation as to why it didn't get fixed along
8 the way and why we still have this problem on the eve of
9 trial?

10 MR. SABA: Yes, Your Honor. I believe that, as I
11 mentioned, the -- the damages experts, the way that the
12 issues had been presented was the hypothetical negotiation,
13 as of 2007, as to whatever would exist in the family of
14 patents, and that's the issuance of the '430 patent. So
15 the analysis was done on the patent family as a whole.

16 THE COURT: So your position is if there's any
17 part of these there, you would have paid the same to get
18 past the family as a whole and so it doesn't change the
19 damages number from the Plaintiff's standpoint?

20 MR. SABA: Correct, Your Honor. If -- if I have
21 eight patents, it doesn't really do me much good if --
22 if -- or if someone else has eight patents, it doesn't do
23 me much good to get a license to seven of them. There's
24 still a right to exclude with respect to the eighth patent.

25 And so this is a -- a patent family issue, and

1 that's frankly how it's been treated in the damages
2 context.

3 THE COURT: Was there some rationale as to why in
4 understanding that that the Plaintiff didn't seek to amend
5 the report of its expert or have its expert amend the
6 report rather than move for this Daubert motion in
7 pre-trial?

8 I mean, if Dr. Ugone had come forward and amended
9 his report, kept the same result, kept the same final
10 opinion but carved out those now irrelevant portions that
11 relate to claims that are no longer asserted in the case,
12 we probably wouldn't be having this motion in limine
13 argument right now.

14 Was there a rationale on your side of the docket
15 that said, we're not going to ask leave of the Court to
16 have Dr. Ugone amend his report and clean it up in advance?
17 We'll just wait until pre-trial, and we'll try to limine
18 out any reference to those portions of the report that now
19 are irrelevant.

20 MR. SABA: Well, I think it goes back to --

21 THE COURT: I mean, was there a conscious decision
22 made here?

23 MR. SABA: Yes, the -- the fact that it goes to
24 the patent family, our view is that whether certain claims
25 are dropped for purposes of trial, the reports are not

1 dependent on all of those claims being asserted. They're
2 referencing the family, and I think that goes for both sets
3 of expert reports in this case.

4 THE COURT: That just explains why the end result
5 is the same. It doesn't explain why there wouldn't have
6 been an effort to clean up the portions that relate to
7 dropped claims so that they're not hanging out there, for
8 lack of a better phrase, within the report.

9 MR. SABA: Fair enough. Fair enough, Your Honor.
10 And -- and I suppose if -- if -- it would make sense to
11 have a -- a short amendment to say that these are the
12 currently asserted claims, and my opinions are the same,
13 that -- you know, that would clean up the -- the record on
14 this.

15 THE COURT: I'm -- I'm not soliciting a motion to
16 amend the report on the eve of trial. I'm trying to get --
17 figure out -- I know where we are. I know where we started
18 out. I'm trying to figure out what the thought analysis,
19 if any, was that got us from Point A to Point B.

20 MR. SABA: Right. And I would just say that --
21 that the -- if -- if we look at the hypothetical
22 negotiation as of 2007, I think that creates some confusion
23 that in 2007, there's one patent out there, there's the
24 expectation of a family, and the hypothetical negotiation
25 would be for that patent portfolio.

1 You know, what happens later in time in terms of
2 certain patents at trial being dropped doesn't affect what
3 that hypothetical negotiation would look like in 2007.

4 The '956 patent didn't even exist for five years
5 in 2007, so it -- it wouldn't even be one of the patents
6 that would be addressed.

7 THE COURT: What else?

8 MR. SABA: And I would just say that part of the
9 purpose of this is simply to narrow the case for trial.
10 And that's what we were trying to accomplish. We didn't
11 expect that narrowing would -- would raise this issue, but
12 I do take the Court's point on that, so thank you.

13 THE COURT: All right. Let me hear from the
14 Defendant in response, please.

15 MR. HEIDRICK: May it please the Court, Your
16 Honor. Jay Heidrick on behalf of Defendant, Jack Henry &
17 Associates.

18 THE COURT: Go ahead.

19 MR. HEIDRICK: I think that we have a couple of
20 different issues here that I want to clarify. One is that
21 the issue isn't just a dropped patent. The issue is that
22 we have a dropped patent and a covenant not to sue with it.

23 And Dr. Ugone's report not only talks about how
24 they're -- how Jack Henry supposedly needs a license to
25 each of the originally five asserted patents, but it also

1 discusses the value that he gave to prior settlement
2 agreements.

3 And so the fact that we have a patent that was
4 asserted and a covenant not to sue that has been given to
5 Jack Henry at no cost, we believe is relevant evidence for
6 the jury to determine what is a reasonable royalty, because
7 they have previously asserted that their expert says that
8 Jack Henry needs this patent to practice its remote deposit
9 captured products.

10 So the fact that there is a covenant not to sue
11 that has been granted on that -- on that previously
12 asserted patent, the value of that is something that the
13 jury should consider. What weight they want to give to
14 that is for the jury to -- to determine.

15 But just to have a damages model that says you
16 need five patents, and we want X amount of dollars, and
17 part of the basis on that is my analysis on -- of prior
18 license agreements and then just say, well, we're just
19 going to drop one, give you a covenant not to sue for free,
20 and then say, well, that has no bearing on it, and you
21 can't talk about this patent that was dropped, and you have
22 a covenant not to sue on it, that -- that's improper. It's
23 relevant evidence directly to Dr. Ugone's opinion on
24 damages, Your Honor.

25 THE COURT: How does that square with the

1 Plaintiff's argument that this is a family of patents, and
2 you either have a license on all of them, or you're
3 effectively in the same boat? In other words, if you have
4 all of them asserted and potentially infringed or half of
5 them asserted and potentially infringed or only one of them
6 asserted and potentially infringed, you've got to pay the
7 same amount and a reasonable royalty to get the right to
8 practice what's covered by the family. And so it's
9 effectively the same thing, whether it's one of them, half
10 of them, all of them?

11 MR. HEIDRICK: Yes, Your Honor. I think two
12 things.

13 First is the previous licenses that are at issue
14 vary with -- as to what patents are granted for the various
15 licenses. So that would be no different than this case
16 here, is that if Dr. Ugone is going to analyze previous
17 licenses that have a varying number of patents in that --
18 in that portfolio and rely on that and give value to that
19 for a reasonable royalty, it would be the same thing here
20 is to analyze, yes, we have a certain number of patents
21 that are part of the family, but how -- how does the fact
22 that there's a covenant not to sue given for zero value on
23 one of those patents affect the -- the royalty rate that --
24 that we should opine on?

25 And that is especially true, and his opinion was

1 that we need five patents to -- to practice this. That was
2 his assumption, that we need five patents to practice -- to
3 practice this invention.

4 So when -- when the Plaintiff's argument is you
5 need a license to the whole family, that's fine. But if
6 you have a license to the whole family, what is the value
7 of that license to the whole family? And if one patent in
8 that family is given what is a de facto license for free,
9 then that's relevant evidence for the jury to consider as
10 to what the -- as to what any alleged damages are and what
11 the reasonable royalty is.

12 Now, we're not going to -- if I may, Your Honor, I
13 want to be clear that we're not going to stand up and say
14 the fact that they dropped the '956 patent shows that their
15 case is garbage and that we don't -- we don't infringe
16 that. We're not going to do that. We're not going to say
17 that their granting us a covenant not to sue somehow goes
18 to the -- the validity or the strength of their
19 infringement case.

20 It is just a very simple question of damages. If
21 Dr. Ugone is going to take prior licenses of prior asserted
22 patents and prior litigation into account for his analysis,
23 then this is no different than that, as well, Your Honor.

24 THE COURT: Is this covenant not to sue addressed
25 and covered in your damages expert's report?

1 MR. HEIDRICK: No, Your Honor, because it was --
2 they dropped the '956 patent after the -- the summary
3 judgment deadline. And although we have communication back
4 and forth, we do not have a finalized document, but both
5 parties agree there is a covenant not to sue in place, and
6 we're just waiting for the signatures to -- to occur on
7 that.

8 THE COURT: No, I'm not talking about whether the
9 covenant not to sue has actually been executed. I'm
10 talking about does your damages expert talk about the fact
11 that a covenant not to sue has been given by the Plaintiffs
12 and how that impacts your expert's view of what the damages
13 should be?

14 MR. HEIDRICK: No, Your Honor, it doesn't, because
15 a covenant not to sue was given after our report was
16 issued.

17 THE COURT: All right. Anything further?

18 MR. HEIDRICK: No, Your Honor. Thank you.

19 THE COURT: All right. Considering the argument
20 on this point, I will say that this could have been avoided
21 by either the Defendant's raising this under Daubert
22 practice earlier or the Plaintiffs unilaterally seeking to
23 update their expert's report with a supplemental report to
24 exercise the '956 references and any other references that
25 relate to matters that have now been dropped.

1 But on a 403 basis, if nothing else, I can see
2 certainly a lot of prospects for confusion if claims and
3 patents that are no longer asserted in the case are talked
4 about either in cross-examination of Plaintiff's damages
5 expert or in some way cut into the case.

6 To avoid that risk of confusion, which the Court
7 sees as real and material, I'm going to grant this motion
8 in limine and exclude under the limine practice any
9 reference to dropped or dismissed claims or patents as a
10 part of the testimony related to Dr. Ugone or the damages
11 case. I think that's especially appropriate in light of
12 the fact that Defendants want to bring up the covenant not
13 to sue with regard to Dr. Ugone, but their own expert
14 doesn't address it, and there's been no amendment there.

15 This is going to be a grant.

16 Let's move next to Plaintiff's Motion in Limine
17 No. 4, which also appears to be disputed.

18 This has to do with testimony of an individual
19 witness identified as Jerry Garrett and whether his
20 testimony is lay testimony or expert testimony, what should
21 be allowed, what should not be allowed with regard to his
22 knowledge concerning the state of the art.

23 Let me hear from Plaintiff first on this.

24 MR. SON: Anthony Son on behalf of the Plaintiff,
25 PPS Data.

1 Mr. -- Mr. Garrett was identified in the initial
2 disclosures -- actually a supplemental Rule 26 disclosure
3 where he was identified as someone having personal
4 knowledge of JHA prior art systems disclosed in JHA's
5 invalidity contentions.

6 They did not identify him as someone with
7 knowledge with any -- anything that would be of the state
8 of the art or something that would be directed to what's
9 being routine and conventional.

10 This is an important distinction here because
11 rather than simply having Mr. Garrett testify with respect
12 to the prior art systems, keep in mind that these JHA prior
13 art systems are not at issue in this litigation. They are
14 not a anticipatory reference. It is not being relied upon
15 for obviousness, which was out of this case.

16 The sole purpose now would be to supplement their
17 lack of evidence on whether something is well-understood,
18 routine, and conventional.

19 With respect to that issue, the question before
20 the Court is whether -- the fact issue is whether something
21 is well-understood, routine, and conventional to a skilled
22 artisan. And that is an issue for an expert.

23 Mr. Garrett cannot testify that this is something
24 that would be known to someone skilled in the art. He
25 can't say that this would be something that would be

1 well-understood. And the mere fact that he may have done
2 this in the past is not of itself relevant to whether it's
3 something well-understood, routine, and conventional.

4 THE COURT: Is there a dispute here, counsel,
5 about whether Mr. Garrett would be a person of ordinary
6 skill in the art?

7 MR. SON: I -- we don't have a position as to
8 whether he would be. But based on their representation as
9 to what he has done in the past, I would say that he may be
10 somebody of a person skill in the art, yes. He may qualify
11 for that.

12 But even if he was someone of -- a person of
13 ordinary skill in the art, that does not answer the
14 question, because for him to testify as to what a person of
15 ordinary skill in the art would have known, that gets into
16 the area of expert testimony under the Rule 70 -- 702.

17 And we cited a case for that proposition, Your
18 Honor, in our -- in our brief, we cited Sundance,
19 Incorporated, versus DeMonte Fabricating, 550 F.3d 1356 at
20 1353. There, what the Federal Circuit said, that where an
21 issue calls for consideration of evidence from the
22 perspective of one of ordinary skill in the art, it is
23 contrary to Rule 702 to allow a witness to testify on that
24 issue not qualified as an expert.

25 So to the extent that they want him to testify to

1 that issue as a person of ordinary skill in the art, they
2 would have, under Rule 26, been required to provide us with
3 an expert report. They did not disclose him as an expert
4 within the Court's docket control order guidelines for when
5 an expert report had to be disclosed.

6 We believe that he should be excluded because the
7 testimony that he proposed to offer is -- goes to Rule 402
8 is irrelevant. It's not -- the requisite Jack Henry system
9 is not relevant here for -- as a prior art defense.

10 And then as to what they're trying to use him for
11 under -- for 101 purpose -- Step 2 of the 101 analysis, we
12 think that brings in the specter of 403.

13 What's going to end up happening here is that
14 Mr. Garrett, if he gets to -- allowed to testify as a fact
15 witness -- fact witness as to what he did with respect the
16 Jack Henry system, there is no one -- no expert has given
17 an opinion in this matter in any of their expert reports
18 discussing the Jack Henry system. No one is going to be
19 able to testify or should be allowed to testify to tie that
20 together for a jury to say that that Jack Henry system
21 shows or is evidence of it being well-understood, routine,
22 and conventional to a skilled artisan.

23 And that's really the point that has to be made
24 here. Otherwise, what's going to end up happening is the
25 jury is going to hear this testimony about a Jack Henry

1 system and be confused or misled that there may be relevant
2 prior art -- prior art defense. We're not understanding
3 why it's even being discussed in the case.

4 THE COURT: Let me ask you this, Mr. Son.

5 Mr. Garrett's clearly not been designated as an expert
6 witness, and he's not an expert witness. He, as you
7 acknowledge, may be a person of ordinary skill in the art.
8 As such and as a fact witness, he could testify as to what
9 he did and what he knows and his personal experience and
10 knowledge.

11 I -- I agree with you, as a fact witness, he can't
12 testify as to what others would know, either based on what
13 he knows or what he supposes. He can't testify about what
14 others did or would do because of what he did or would do.

15 But why -- why can't he not properly testify about
16 his own knowledge, his own experience, and his own facts,
17 understanding that he can't opine as to others and he can't
18 offer opinions of his own based on his own experiences, but
19 he can tell this jury what he did and what he knew as a
20 person of ordinary skill?

21 Is there some reason why within those prescribed
22 parameters as a fact witness, as long as the Court acts as
23 a gatekeeper to keep him from straying into areas of
24 opinion or comments about others besides himself, that you
25 would have an objection?

1 MR. SON: Yes, Your Honor. I think that goes to
2 Rule 403. I think that would be very confusing and
3 potentially misleading to a -- to a jury.

4 THE COURT: Tell me -- tell me how his testimony
5 about what he knows and what he's done, without attributing
6 it to others, without offering an opinion but merely giving
7 factual testimony about his personal experiences and his
8 personal knowledge, tell me how that would be confusing or
9 prejudicial to your side of the case, such that any
10 relevance would -- or probative value would be outweighed.

11 MR. SON: Your Honor, for two reasons.

12 First, it may confuse and mislead the jury to
13 believe that the Jack Henry prior art system is either
14 anticipatory or somehow renders a -- renders our patent
15 invalid based on a prior art defense that does not exist
16 with respect to some of the claims and patents here.

17 So that's one reason why I think it could be
18 confusing and misleading.

19 Secondly, with respect to the real issue that
20 they're trying to use this for, those facts that
21 Mr. Garrett could establish at trial would be completely
22 untethered to the question that needed to be decided by the
23 jury, whether the claim elements or the combination of
24 claim elements are well-understood, routine, and
25 conventional to a skilled artisan.

1 And the reason for that, Your Honor, is because
2 Dr. Michalson never mentions the Jack Henry system in his
3 expert report. They never talk about the Jack Henry system
4 as being evidence of it being well-understood, routine, and
5 conventional with respect to any of the claims or the
6 combination of claim elements that are asserted here.

7 So even if --

8 THE COURT: You're saying Dr. Michalson doesn't do
9 that?

10 MR. SON: He does not do that. Nowhere within
11 Dr. Michalson's expert report on invalidity does he talk
12 about the Jack Henry system, nor does he mention
13 Mr. Garrett.

14 THE COURT: All right. Let me hear from the
15 Defendant in response, please.

16 MR. HEIDRICK: Thank you, Your Honor. Jay
17 Heidrick on behalf of Jack Henry & Associates.

18 As to the Dr. Michalson report, I was going to
19 pull that up. I'm not sure that that's completely
20 accurate, Your Honor, but we'll set that aside for now.

21 THE COURT: Well, I -- I'd like to get to the
22 bottom of that, because quite honestly, if Dr. Michalson
23 doesn't establish in any way the Jack Henry system as
24 relevant, then Mr. Garrett's testimony, even as a fact
25 witness about that system and his personal knowledge of it,

1 could seem to fall under Rule 402 as being something that
2 would be irrelevant here.

3 MR. HEIDRICK: I can pull that up. And that's the
4 first I've heard of that argument. So I can pull it up if
5 you give me just a minute, Your Honor.

6 THE COURT: Take a minute. I think this is
7 something we need to get to the bottom of.

8 I tell you what, counsel, to facilitate you doing
9 this without me sitting here staring at you, we're going to
10 take about a five-minute recess.

11 MR. HEIDRICK: Thank you, Your Honor.

12 THE COURT: Run your traps on this expert report
13 with Dr. Michalson in the meantime, and we'll take this up
14 when I come back.

15 MR. HEIDRICK: Certainly. Thank you, Your Honor.

16 THE COURT: The Court stands in recess.

17 COURT SECURITY OFFICER: All rise.

18 (Recess.)

19 COURT SECURITY OFFICER: All rise.

20 THE COURT: Be seated, please.

21 All right. Counsel, where are we on this issue
22 that was being investigated when I took a recess?

23 MR. HEIDRICK: Thank you, Your Honor. Jay
24 Heidrick for Jack Henry & Associates.

25 Dr. Michalson does opine as to the routine and

1 conventional aspects in his report. He does not reference
2 specifically the GG Pulley material or Mr. Garrett in his
3 opinion -- in his opinions.

4 But that does not -- still does not preclude
5 Mr. Garrett from testifying as a fact witness, as you said
6 earlier, Your Honor, for the jury consider those facts,
7 especially as it relates to Dr. Shamos's cross-examination,
8 as well.

9 But in multiple paragraphs, Dr. Michalson opines
10 that the claimed invention was not routine and conventional
11 as to Step 2 of Alice.

12 THE COURT: Does Dr. Michalson offer an opinion
13 about the state of the art of the Jack Henry system that
14 Mr. Garrett has personal knowledge of and could testify as
15 to his own personal knowledge and experience?

16 MR. HEIDRICK: He does not, Your Honor, as to that
17 system.

18 THE COURT: Then why would his testimony, lay
19 testimony, though it be, be relevant under Rule 402?

20 MR. HEIDRICK: Yes. Because under 402 of -- being
21 relevant as -- the issue of fact, Your Honor, is whether or
22 not the claimed invention was routine and conventional so
23 as PPS Data has articulated it in its briefing, whether or
24 not it was routine and conventional to process checks at a
25 different location, and all of the exhibits that are

1 subject to this, Your Honor, the GG Pulley materials are
2 unobjection to. They're on our exhibit list. They're
3 unobjection to.

4 And so if that evidence has already been agreed to
5 by the Plaintiff, then Mr. Garrett's testimony talking
6 about that evidence is also admissible under the same
7 standard.

8 And it would be factually relevant, Your Honor,
9 because if Dr. Shamos is going to say nowhere before have
10 banks in the industry processed checks at a location that
11 is separate from the prohibited systems of the bank of
12 first deposit, then factual testimony of -- of
13 Mr. Garrett's personal experiences, personal knowledge, and
14 personal testimony dealing with exhibits that are
15 unobjection to that go to that same factual issue for the
16 jury to determine is relevant and admissible, Your Honor.

17 THE COURT: Anything further?

18 MR. HEIDRICK: No, Your Honor.

19 THE COURT: All right. Well, I'm going to -- I'm
20 going to do this, counsel. I'm going to grant this motion
21 in limine, but I want to do it with an explanation.

22 I don't anticipate that Mr. Garrett would be
23 allowed with a grant of leave from the Court to offer
24 testimony about any other person or -- or knowledge outside
25 of his own personal knowledge and his own personal

1 experience.

2 It is possible that I might grant leave for him to
3 testify with regard to his own personal knowledge and
4 experience, perhaps depending on what Dr. Shamos's
5 testimony is if the door is opened. But as it stands now
6 with Dr. Michalson's report not identifying the Jack Henry
7 system as relevant to these issues and Mr. Garrett's
8 knowledge being with regard to the Jack Henry system, it
9 appears to me that the Court needs to diligently exercise
10 its role as a gatekeeper here and that there is a risk that
11 if Mr. Garrett is allowed to testify without any
12 constraints, he may easily stray into improper testimony
13 or, at a minimum, areas that will generate confusion with
14 the jury.

15 I'm not telling the Defendant there's no basis
16 upon which I'll allow him to testify. I'm telling you,
17 you're going to have to approach the bench and persuade me
18 at the time, given the other testimony, what's been raised,
19 how the case has developed, that his own personal knowledge
20 is relevant.

21 And if -- if you can do that, then there's a
22 likelihood that I'm going to let him testify about what he
23 knows. But I can't imagine any circumstances where I'll
24 allow him to effectively be an expert witness without
25 proper designation or report and testify about what others

1 might know, what others might do, what everybody else does.
2 I can't envision any circumstances where he would be
3 permitted to do that.

4 But to allow the Court to diligently discharge its
5 gatekeeping function, I'm going to grant the motion in
6 limine across the board, but I do it with this explanation
7 so Defendants and Plaintiffs will have some idea of where
8 there might be an opportunity for leave to be granted, all
9 right?

10 Okay. That brings us to Plaintiff's Motion in
11 Limine No. 5. This has to do with the issue of terminal
12 disclaimer.

13 Let me hear from Plaintiff on this first, please.

14 MR. MADDOX: Beg your pardon.

15 Steven Maddox for PPS Data, Your Honor.

16 This terminal disclaimer issue came up in the
17 context of the 101. It was the -- one of the bases that
18 they argued that the claims must be -- that Claim 1 of the
19 '430 must be representative of all claims because -- and
20 they pointed to terminal disclaimers in some of the other
21 applications.

22 In light of the Court's ruling, it seems we have a
23 live issue as to whether they're going to point to the
24 terminal disclaimer and ask the jury to find that that
25 means these claims are -- that 1 -- that Claim 1 of the

1 '430 is representative of all these claims.

2 We've cited a bunch of case law that's collected
3 in SimpleAir v. Google, and it's also in Ortho Pharm. in
4 our briefs, that say terminal disclaimers do not mean
5 patentably distinct. They -- they are not evidence of
6 that. And there's all sorts of reasons for that.

7 The only real push-back we've had is the -- the
8 Defendants have seized on some language in SimpleAir, and
9 the language they've seized on is this: Thus, a terminal
10 disclaimer is a strong clue that a patent examiner and, by
11 a concession, the applicant, thought the claims in the
12 continuation lacked a patentable distinction over the
13 patent.

14 So --

15 THE COURT: Over the parent.

16 MR. MADDOX: Over the parent, I beg your pardon.
17 Yes, Judge.

18 And so you see this strong clue language
19 throughout their briefs.

20 The very next sentence is: But as our precedent
21 indicates, that strong clue did not give rise to a
22 presumption that a patent subject to a terminal disclaimer
23 is patentably and distinct from its parents patents.

24 There is no case that says a terminal disclaimer
25 is a strong clue of a lack of patent distinctness. There

1 is basically this dicta that says, hey, well, it might say
2 what people thought, but as far as we can tell, no case,
3 including SimpleAir, has accepted evidence of terminal
4 disclaimers as substantive proof of patent distinctness.

5 And so in light of what -- the position they took
6 in their summary judgment motion, we brought this motion in
7 case it's going to come up in front of the jury.

8 THE COURT: All right. Let me hear Defendant's
9 response.

10 MR. WIETJES: Your Honor, Jason Wietjes for the
11 Defendant.

12 Very simply, Your Honor, this question is very
13 similar, I think, to a lot of the questions that we're
14 talking about in terms of what happened before the Patent
15 and Trademark Office and what is relevant in the context of
16 these 101 determinations.

17 Here, as part of this analysis, as the -- the
18 Court is very well aware, one of the issues is the
19 commensurate scope of the claims for the purposes of
20 determining whether or not a given claim or a group of
21 claims or here, all of the asserted claims claim similar
22 subject matter for purposes of this 101 analysis.

23 Again, we are not saying that the -- the fact
24 alone that terminal disclaimers were filed is dispositive
25 of that issue, but it's certainly something relevant. It's

1 a discourse that the applicants had with the Patent Office.
2 It's -- it's probative as to the Patent Office's view as to
3 the scope of those claims. And the jury should be entitled
4 to consider the full scope of the prosecution before the
5 Patent Office and attribute what weight it deems proper to
6 those terminal disclaimers in its analysis of what the
7 commensurate scope of the claims is in the 101 context.

8 Your Honor, we -- we think it would be -- it's two
9 sides of the same coin. While the -- the patentee and the
10 Plaintiff is certainly entitled and -- and justly entitled
11 to argue the presumption of validity of the patent in
12 bringing its case, but the full record before the Patent
13 Office, then, is also just as relevant. And everything
14 that happened during prosecution and all of the patent
15 examiner's rejections and actions taken in the case are
16 likewise evidence of that record and are fair for
17 consideration by the jury.

18 THE COURT: All right. I gather Defendants can
19 represent to the Court, in light of that argument, that
20 they are not in word or deed going to imply that the
21 terminal disclaimer, to the extent it comes in during the
22 trial, is in and of itself dispositive of this issue.

23 MR. WIETJES: That's correct, Honor -- Your Honor.
24 That argument will not be made, nor will that
25 representation be made.

1 THE COURT: All right. Well, in light of that
2 understanding that the entirety of the prosecution history
3 is important to this particular area of inquiry, and also
4 understanding that you are going to see the issue of
5 representativeness addressed in detail in the 101 opinion
6 that I'm working on now, and I know what that's going to
7 say, and you don't know what it's going to say, I'm going
8 to deny this motion in limine.

9 MR. WIETJES: Thank you, Your Honor.

10 THE COURT: All right. The next issue is
11 Plaintiff's Motion in Limine No. 7. My understanding,
12 counsel, is that in light of other matters, this is now
13 considered moot; is that correct? Plaintiff's No. 7?

14 MR. MADDOX: Can we have a word on the subject?

15 THE COURT: Do you believe it is moot, or do you
16 believe it's not moot?

17 MR. SON: Yes, Your Honor, it is moot.

18 THE COURT: Defendants, do you concur?

19 MR. HEIDRICK: Yes, Your Honor.

20 THE COURT: Now, having established it's moot, is
21 there some reason it needs to be addressed, Mr. Maddox?

22 MR. MADDOX: No, Your Honor. I beg your pardon.

23 THE COURT: Okay. Then that will be --
24 Plaintiff's MIL No. 7 will be denied as moot.

25 That brings us to Plaintiff's Motion in Limine No.

1 8. This has to do with the previously invalidated
2 DataTreasury patents.

3 Let me hear from Plaintiff on this, please.

4 MR. SON: Anthony Son for PPS Data.

5 The fact that the DataTreasury patent had been
6 invalidated should be excluded from this trial under both
7 402 and 403. As Your Honor had noted earlier with respect
8 to Dr. Ugone and the motion -- Plaintiff's -- I'm sorry,
9 Defendant's motion to strike Dr. Ugone, Dr. Ugone will not
10 be opining related to the DataTreasury agreement that
11 exists between -- or had existed between DataTreasury and
12 Net Deposit Incorporated, which was the prior company to
13 PPS Data.

14 In light of that, for them to now offer testimony
15 regarding the DataTreasury patents and the fact that the
16 DataTreasury patent was subsequently invalidated and
17 affirmed by the Federal Circuit is wholly irrelevant to any
18 issue in this case.

19 Neither expert -- technical expert has done any
20 analysis or provided any opinion related to the
21 DataTreasury patent. They have not done any analysis with
22 respect to the claims of the DataTreasury patent and
23 compared them to the complaint -- to the claims of the PPS
24 Data patents that are being asserted today.

25 The sole purpose at this point, I imagine, for

1 trying to bring in the evidence that the DataTreasury
2 patents were -- were somehow invalidated under 101 grounds
3 would be to prejudice the jury, believe that because a
4 patent had been invalidated by 101 grounds and those
5 DataTreasury patents were used to assert that -- were
6 asserted against the same product, that the jury may then
7 be led erroneously that the PPS Data claims must also be
8 invalid.

9 That is improper under the law. You can't use a
10 third-party patent in that regard -- in that manner.

11 In their opposition, they tried to make a couple
12 of arguments. One, that the -- that the DataTreasury
13 patent covered the same type of product at issue in this
14 lawsuit and that somehow that renders it relevant.

15 That's a flawed argument because there are --
16 there can be multiple patents that cover the same products
17 but are not prior art to one another.

18 There's never been a prior art argument made with
19 respect to the DataTreasury patents. They were never
20 disclosed in their invalidity contentions as being prior
21 art. Dr. Michalson never even discusses the DataTreasury
22 patents in his expert -- expert report. It goes to
23 absolutely no issue here.

24 So for that reason, we think that the jury's
25 confusion here to introduce this type of evidence would be

1 highly prejudicial. It would be confusing and misleading.

2 THE COURT: All right. Thank you, counsel.

3 Let me hear from Defendant in response.

4 MR. WIETJES: Your Honor, Jason Wietjes for the
5 Defendant.

6 Here -- here, Your Honor, I think the -- the
7 requisite starting point for this analysis is the fact that
8 PPS Data's predecessor entity entered into a license
9 agreement with DataTreasury, subject -- the subject of that
10 agreement being the DataTreasury patents. For purposes of
11 this here, I'll just refer to those as DataTreasury
12 patents. It's a pretty detailed agreement.

13 They've presented and argued to this Court, and
14 this was in response to the motion to strike certain
15 portions of Dr. Ugone's expert report relying on the
16 DataTreasury patent. They've represented and argued that
17 that patent was relevant to the hypothetical negotiation,
18 and subsumed in that argument they've represented that the
19 DataTreasury patents are technically comparable to the
20 patents asserted in this case.

21 And so, Your Honor, this goes to, again, that
22 question of what is routine and conventional. If -- if
23 those patents were, in fact, technically comparable to
24 these patents, as PPS Data has argued and represented to
25 this Court, those patents have an earlier priority date and

1 pre-date the PPS Data patents asserted in this case.

2 So based upon that, the notion is that that
3 proves or at least is evidence of the routine and
4 conventional nature of the claims asserted against Jack
5 Henry.

6 That's the foundation of -- of the evidence and
7 the testimony that would be elicited surrounding that.

8 THE COURT: Do you dispute Plaintiff's argument
9 that none of the expert witnesses and their resulting
10 reports have established a comparability and equivalents
11 between the DataTreasury patents and the patents at issue
12 in this case?

13 MR. WIETJES: That's true, Your Honor. The
14 technical experts have not undertaken that analysis. This
15 would come up, I believe, in -- it would depend on what
16 Dr. Shamos's testimony was in this regard, but the fact
17 that they've -- they're on record as saying that these --
18 these patents are technologically comparable, I think he
19 should have to answer for that in -- in cross-examination
20 that gets to the heart of this routine/conventional
21 question.

22 THE COURT: So let me see if I understand your
23 argument.

24 Are you telling me that because of some earlier
25 argument before the Court only in pre-trial, that the

1 Plaintiffs have made some kind of binding admission of
2 comparability or similar -- similarity here that opens the
3 door to the DataTreasury testimony, or, alternatively, are
4 you telling me that if during the course of the trial a
5 witness for the Plaintiffs makes that statement, that then
6 the door would be open to the kind of testimony which would
7 push back on that and would show the ultimate invalidity of
8 the DataTreasury patents? There are two different things
9 here, and I'm trying to be clear on exactly what you're
10 talking about.

11 MR. WIETJES: I understand your question.

12 And the argument is not that it's a door opening
13 evidentiary or a door opening piece of evidence. It's an
14 affirmative cross-examination line of questioning is
15 what -- what we are anticipating here, Judge.

16 THE COURT: Now, refresh my recollection, but to
17 the extent Plaintiffs have made that kind of representation
18 to the Court, my recollection is such was done only in the
19 context of the damages case, not as to the technical
20 aspects of the case or as to the invalidity question.

21 Do you disagree with that? And to the extent you
22 don't disagree with that, why would that kind of
23 representation only as to damages open the door or properly
24 permit this kind of testimony as to a wholly separate
25 inquiry such as invalidity?

1 MR. WIETJES: First, Your Honor, I do not disagree
2 with you -- with the first statement that you made.

3 THE COURT: So I guess you don't disagree means
4 you do agree?

5 MR. WIETJES: I would agree -- I would agree with
6 you that the expert --

7 THE COURT: We'll get the double negative out of
8 the way.

9 MR. WIETJES: Thank you. To -- to answer the
10 second part of your inquiry, we don't think they can have
11 it both ways. If they -- for purposes of the damages case,
12 if they want to say these are comparable so that they can
13 establish a reasonable royalty based on that license, then
14 we should be able to ask their technical expert if he
15 agrees with that.

16 And to the extent he disagrees with that, then we
17 think that's probative as to the routine and conventional
18 nature of this.

19 THE COURT: Anything further?

20 MR. WIETJES: Nothing further, Your Honor.

21 THE COURT: In light of that discussion, does
22 Plaintiff have anything else to add to this before we move
23 on?

24 MR. SON: Very quick, Your Honor.

25 The discussion related to the technical

1 comparability for a hypothetical negotiation standpoint
2 applying the Georgia-Pacific factors is different than the
3 question with respect to the validity of whether something
4 is routine and conventional. The comparison that was made
5 and the arguments that were made with respect to
6 Dr. Ugone's testimony about his licenses -- and keep in
7 mind, he never argued that they were technically comparable
8 for that purpose.

9 Dr. Ugone's testimony was always that this is a --
10 the fact that Net Deposit, the prior company to PPS Data,
11 entered into a license agreement in 2005 with DataTreasury
12 is a fact that's relevant to the minds of the hypothetical
13 negotiators. Both Jack Henry and Net Deposit or PPS Data
14 in the case, in 2007 during the hypothetical negotiation,
15 would know about that.

16 The fact that it replied to a remote deposit
17 captured product, which is the same type of product here,
18 that was the scope of the analysis. There was no admission
19 or discussion made with respect to a technical
20 comparability with respect to the claims.

21 And, in fact, the claims are different here.
22 Their -- their expert, Dr. Michalson -- Dr. Carter for
23 damages disagrees with the technical comparability issue
24 and relied on discussions that he had with in-house people
25 over at Jack Henry to that point.

1 So we think that there -- there is significant
2 difference.

3 Dr. Shamos is not going to be offering testimony
4 related to the DataTreasury patent. He did not offer any
5 opinions related to the DataTreasury patent in his expert
6 report with respect to either infringement or validity.

7 That's PPS Data's expert. And they admit that
8 Dr. Michalson does not either. This DataTreasury patent is
9 simply irrelevant.

10 THE COURT: Well, correct me if I'm mistaken,
11 there was earlier in this case a motion by Defendants to
12 strike the portions of Dr. Ugone's report that address the
13 DataTreasury patents, that that was withdrawn by Defendants
14 because Plaintiffs agreed Dr. Ugone was not going to
15 address the DataTreasury patents in his testimony; is that
16 accurate?

17 MR. SON: That is -- that is correct, Your Honor.

18 THE COURT: So as to damages, the Defendant didn't
19 want Dr. Ugone to talk about the DataTreasury patents, but
20 now as to validity and technical issues, they do want to go
21 into the DataTreasury patents because of their later
22 invalidity?

23 I'm going to grant this motion. I think that the
24 basis for Defendants to go into it has not been
25 established, and there's not a tech -- a technical

1 comparison. And the likelihood of confusion with the jury
2 regarding other patents that have been held invalid without
3 a technical establishment of comparability is -- is
4 dangerous, at best.

5 This -- this motion is granted.

6 All right. Next is Plaintiff's Motion in Limine
7 No. 9. That also appears to the Court to now be, based on
8 the comments of counsel, moot; is that correct? Check your
9 notes and please let me know on the record.

10 MR. SON: Yes, Your Honor, that is -- that is
11 moot. Anthony Son for PPS Data.

12 MR. HEIDRICK: Jay Heidrick for Defendant. Yes,
13 Your Honor.

14 THE COURT: All right. Then that will be denied
15 as moot, both sides confirming that that is, in fact, the
16 case.

17 Okay. That brings us to the surviving Defendant's
18 motions in limine. My understanding is that Defendant's
19 Motion in Limine No. 2 has been withdrawn; is that correct,
20 Defendant? And Plaintiff?

21 MR. SABA: Your Honor, there is one more PPS Data
22 motion that I don't think we've covered. I don't know
23 whether --

24 THE COURT: There's another Plaintiff's motion in
25 limine that's been missed?

1 MR. SABA: Yes, it is Motion No. 6, which is in
2 the same category as Jack Henry's Motion No. 5 regarding
3 pre-suit damages and marketing.

4 THE COURT: And I have that, Mr. Saba. I have
5 that on my list. I just have it pushed back to the end
6 because there's overlap between both sides. So we will get
7 to it.

8 MR. SABA: Understood. Thank you.

9 THE COURT: So let's return to Defendant's Motion
10 in Limine No. 2. Do both sides agree this has been
11 withdrawn?

12 MR. SON: Anthony Son for PPS Data.

13 That is my understanding, Your Honor.

14 THE COURT: Mr. Heidrick, what's Defendant's
15 posture?

16 MR. HEIDRICK: Yes, Your Honor.

17 THE COURT: Okay. Then the Court will note that's
18 been withdrawn, no longer before the Court.

19 Next is Defendant's Motion in Limine No. 4. This
20 shows, at least in my notes, counsel, to still be in
21 dispute. But also my indication is that it rises and falls
22 with the motion to strike Docket No. 79, which has already
23 been dealt with and was denied.

24 If, in fact, it does rise and fall with that prior
25 ruling, is this still at issue?

1 MR. SON: Your Honor, Anthony Son for PPS Data.

2 We believe that that motion was also withdrawn.

3 THE COURT: Defendant's Motion in Limine No. 4?

4 MR. SON: Correct. That's the one with -- as I
5 understand it, that is the one directed to Dr. Michalson
6 being qualified to testify or being competent, whether we
7 can reference that at trial.

8 THE COURT: Mr. Heidrick, what's Defendant's
9 posture?

10 MR. HEIDRICK: We concur with that, Your Honor.

11 THE COURT: All right. Then I'll note that it's
12 been withdrawn. I simply did not have that notation before
13 me. Thank you for that clarification.

14 All right. That brings us to what I will classify
15 as overlapping motions in limine, which we'll take up
16 concurrently.

17 Based on what I have before me, it appears that
18 there is a disputed Defendant's Motion in Limine No. 1 --
19 excuse me, Defendant's Motion in Limine No. 1, Plaintiff's
20 Motion in Limine No. 3. The notation I have are that those
21 are withdrawn; is that correct? Defendant's No. 1 and
22 Plaintiff's No. 3?

23 MR. SON: Your Honor, on behalf of PPS Data,
24 Anthony Son. Again, that is my understanding, those have
25 been withdrawn.

1 MR. HEIDRICK: We concur. Jay Heidrick on behalf
2 of Jack Henry.

3 THE COURT: All right. Then I'll note that
4 Defendant's Motion in Limine 1 is withdrawn, and
5 Plaintiff's Motion in Limine 3 is withdrawn.

6 I also have a note that Defendant's -- yeah, I've
7 said that. Never mind.

8 All right. That brings us to the pre-suit damages
9 issue which takes up and includes Defendant's Motion in
10 Limine No. 5 and Plaintiff's Motion in Limine No. 6. These
11 appear to be still in dispute. To the extent they are, let
12 me hear from both sides concurrently on these.

13 Let's start with Plaintiff, and then I'll hear
14 from Defendant.

15 MR. SABA: Your Honor, Kaveh Saba on behalf of
16 Plaintiff, PPS Data.

17 THE COURT: Please proceed.

18 MR. SABA: I'll proceed with PPS Data's Motion
19 No. 6 if that's okay with the Court.

20 THE COURT: It is, but I want to hear from you on
21 both --

22 MR. SABA: Absolutely. I'll start with this one,
23 and then get to the -- to the other motion.

24 So the critical fact with respect to PPS Data's
25 motion, which I believe Jack Henry has conceded, is that

1 Jack Henry has failed to even try to satisfy its burden of
2 production of identifying any specific product it believes
3 to have been unmarked and that practiced the claims prior
4 to now.

5 It didn't raise it in its pleadings. It didn't
6 raise it after we responded to an interrogatory on marking
7 and disclosed all of our licenses. It never said anything
8 to us at any point during fact discovery. And, in fact,
9 Jack Henry's counsel, during discovery, had told us that
10 the relevant period was six years pre-complaint. And
11 that's Docket No. 117-3.

12 Jack Henry never pushed back that somehow the
13 sales data shouldn't go all the way back to January 2012,
14 never bothered to ask the licensees that it subpoenaed
15 about anything regarding marking, never pointed to any such
16 products during discovery, expert discovery even, and never
17 moved for summary judgment on this issue.

18 Under the Arctic Cat case, which I'm sure the
19 Court is familiar with, the Federal Circuit made it clear
20 that the accused infringer bears an initial burden of
21 production, and that is to put the patentee on notice that
22 he or his authorized licensees sold specific unmarked
23 products which the alleged infringer believe practiced the
24 patent.

25 Jack Henry simply never did that here. It

1 operated this entire case as if the pre -- the damages
2 period was the full six years before filing of the
3 complaint.

4 So what Jack Henry -- I think what their response
5 is, well, we're raising it now. That's simply not good
6 enough. We've got less than a few weeks left to trial.
7 PPS Data could not possibly do the investigation, the
8 discovery we would have had Jack Henry actually raised this
9 at any point in the case.

10 The scope of products they're pointing to are
11 basically any products covered by any number of -- any
12 forward licenses and with respect to Net Deposit, any of
13 its products that were -- that were sold over a decade ago.
14 We don't have any opportunity to test their theory,
15 whatever that may be, on the licensees to conduct discovery
16 on them, whether they were marking, whether they reasonably
17 believe that they don't need to mark because they were not
18 within the scope of the claims.

19 We don't have the opportunity to go to the current
20 owner of the Net Deposit product which has been sold
21 multiple times over to confirm that that product was, in
22 fact, marked. And we didn't even have an opportunity
23 during expert discovery to deal with this issue.

24 All their expert, Dr. Carter, said -- his entire
25 report was focused on the January 2012 start date for

1 damages. He presented a couple of bare calculations on
2 damages starting at the time of the complaint, January
3 2018.

4 When we asked him about this at his deposition, he
5 said: I don't really have a basis for this. I was just
6 told to provide the calculation.

7 None of that is raising the issue, and we believe
8 this is exactly the type of deprivation of any meaningful
9 opportunity to conduct discovery that Your Honor precluded
10 as too late in the Lake Cherokee versus Marvell
11 Semiconductor case that we cited, 964 F.Supp. 2d. 653. And
12 in that case, the preclusion, based on similar facts, was
13 so clear, that the Court issued it sua sponte. And that
14 was in response to Defendant's motion for summary judgment
15 on the issue. We believe the result should be the same
16 here.

17 THE COURT: And you're telling me, counsel, that
18 the Defendants have not raised in any manner prior to this
19 motion in limine the propriety of the pre-suit damages
20 issue?

21 MR. SABA: Correct. I would also like to point
22 out the two cases that Jack Henry cited in its response to
23 us to say -- to support the proposition that somehow it's
24 okay to raise it at trial.

25 The first is the Arctic Cat decision itself that

1 Jack Henry cited in its response at Page 10. We don't
2 think that's correct. The Federal Circuit itself pointed
3 to Defendant's expert testimony that showed specific
4 products that he had reviewed and he had determined
5 practice the patents.

6 So it was clearly raised during the expert
7 discovery and presumably during fact discovery to get the
8 information that expert needed.

9 The Federal Circuit further remanded the case and
10 told the District Court to consider whether additional
11 discovery is necessary. The District Court granted
12 additional limited discovery on the marking issue. All of
13 this is to say that this is clearly a highly fact intensive
14 issue. It requires specific discovery and testing of the
15 theories that need to be disclosed earlier, and that's
16 exactly why the Arctic Cat case put in the initial --
17 clarified the initial burden of production on the Defendant
18 so that we can have a chance to do that.

19 Jack Henry also points to the Semcon versus Huawei
20 case as somehow saying that the Defendant can raise this
21 issue for the first time on summary judgment. But what
22 their brief ignores is that another Defendant in that very
23 case, Texas Instruments, had raised marking against the
24 patentee all along. So the patentee had been on notice.
25 They were prepared to address it. They had been preparing

1 their case all along. That's not remotely the case here.

2 And, in fact, in that case, the Court said that
3 for other patents for which the Defendant, Huawei, did not
4 specifically satisfy its initial burden of production but
5 only a bare calculation of post-suit damages, there was no
6 burden for the patentee to prove compliance at trial
7 because the alleged infringer had failed to meet its
8 burden. That's exactly the case here.

9 One final point on -- on this motion is that we
10 don't even believe that Jack Henry has met its burden to
11 identify what the Arctic Cat case requires, specific
12 unmarked products that it believes to practice the patent
13 at the motion in limine stage.

14 And with respect to Net Deposit, it doesn't even
15 point to any specific product. And, frankly, that's not
16 all that surprising here given that there is no discovery
17 from either side on this issue.

18 So we don't see how Jack Henry could even stand up
19 at trial and plausibly say that it has a genuine belief of
20 specific unmarked products in the past that it believes to
21 have practiced the patents.

22 And so this is exactly the type of case that in
23 Arctic Cat -- that Arctic Cat was trying to avoid with the
24 burden of production to avoid such fishing expeditions and
25 gamesmanship, and we -- we would ask that the Court

1 preclude Jack Henry from arguing against pre-suit damages
2 here.

3 And unless the Court has questions on that motion,
4 I'll -- I'll address Jack Henry's motion.

5 THE COURT: No, that appears to be more or less
6 the mirror image of what you've just given me, but go
7 ahead.

8 MR. SABA: Well, it -- Jack Henry's motion in
9 limine is about pleading, and that's actually -- I think,
10 can be and should be readily dismissed under the law of
11 this Court, the Federal Circuit, and other District Courts.
12 The law is clear that pleading compliance with 287, it's
13 sufficient to say that infringement has been willful and
14 knowledge of the patents has been in place without
15 reference to the pre-complaint.

16 So I -- I -- for example, the Avid Identification
17 versus Philips Electric case of the Western District,
18 allegations that the Defendant willfully and deliberately
19 infringed were sufficient without any specific reference
20 before the complaint -- I'm sorry, that's this -- this
21 Court. The Western District of Texas, same thing. Applied
22 Materials versus Muto Technology, knowledge of the patents
23 from at least the filing of the complaint was sufficient.

24 That's exactly what we've got here. We have
25 allegations as to every patent of notice of no later than

1 the filing of this complaint, in addition to willful and
2 deliberate infringement allegations. That's a direct match
3 as a matter of formalism.

4 There's also the practical issue which I do
5 believe is -- is somewhat of a mirror issue, which is that
6 we don't think that Jack Henry can genuinely say that it
7 believed pre-suit damages to be outside the scope of this
8 case. There was no Rule 12 motion. Jack Henry propounded
9 an interrogatory on marking. If it believed marking to be
10 out of this case, there would be no reason to do that.

11 We -- in email correspondence about discovery,
12 Jack Henry's counsel represented that the relevant period
13 is six years before filing. Everyone has operated under
14 the understanding that pre-suit damages are alleged all
15 along.

16 And I should point out that, in fact, the
17 reason -- the way Jack Henry's motion came about is we
18 exchanged proposed motions. We included a marking motion.
19 The next day Jack Henry said: We're considering a marking
20 motion of our own.

21 I don't raise that to say that somehow it's
22 improper or it's in violation of the rules, but it does go
23 to show that this didn't appear to be an issue that Jack
24 Henry was raising. In fact, it didn't raise it ever. And
25 it only raised it once we proposed our motion to preclude

1 them.

2 And so for that reason, as well if -- if for
3 whatever reason the pleading were, you know, technically
4 insufficient, which we don't think is the case under the --
5 under the law, we would ask for leave to amend to cure that
6 to simply match what is the actual operation and
7 understanding in this case throughout.

8 THE COURT: All right. Anything further?

9 MR. SABA: No, Your Honor.

10 THE COURT: All right. I'll hear from Defendant
11 in response then.

12 MR. HEIDRICK: Thank you, Your Honor. Jay
13 Heidrick on behalf of the Defendant.

14 I'd like to first begin with the issue of the
15 pleading aspect of it, Your Honor, because on one hand,
16 they're telling you that we properly pled this issue of
17 pre-marked damages. And, on the other hand, they're
18 telling you that we had no idea this was going to be an
19 issue in the case, despite the fact that the law is clear.
20 It's their burden to both plead and prove the aspect of
21 pre-suit marking. So --

22 THE COURT: As I understood the argument, it was
23 not that they believe they had properly pled pre-suit
24 damages. They didn't understand until the -- this
25 particular pair of motions in limine were filed that

1 Defendants asserted that they didn't have a basis to
2 recover pre-suit damages and that there was a marking issue
3 raised by the Defendant, which clearly is the Defendant's
4 burden to raise that issue once a proper pleading has been
5 put forward.

6 MR. HEIDRICK: Yes, they're -- they're -- what
7 they're telling you, Your Honor, is that they -- that the
8 Defendants did not raise this issue soon enough, so,
9 therefore, they had no duty to go -- or ability to go get
10 information on these issues.

11 But I think what gets lost in translation here,
12 Your Honor, is that it's their burden of proof to show
13 compliance to both plead and prove it. So they have a duty
14 to both plead and prove it, Your Honor, just like they do
15 with infringement, just like they do with damages. And
16 that should be part of a reasonable pre-suit investigation
17 that we are going to have to plead and prove this.

18 As far as the specific identification of products,
19 Your Honor, and that's really what it goes down to is
20 they're telling us -- telling you that Jack Henry didn't
21 identify a specific number of products that are relevant
22 here.

23 We sent them an interrogatory on the issue to
24 which they objected to and they had -- they identified no
25 product. We took their designee, Your Honor, through each

1 of the license agreements in -- in his deposition and asked
2 him, for example -- this is at Page 50 of his deposition:
3 What Wausau products did PPS Data believe were covered
4 under this agreement?

5 I don't know.

6 Next -- as to Diebold: What Diebold products did
7 PPS Data believe were covered under this agreement?

8 I don't recall.

9 And question: And I guess in the general sense
10 were -- is it your understanding that there were Diebold
11 products that were covered by this agreement?

12 Yes.

13 And are the licensed patents required to
14 manufacture and sell those products?

15 Answer: I do not -- I'm not -- I don't know what
16 Diebold -- it's a Diebold thing.

17 RDM, same thing. What products are covered under
18 this license?

19 I don't know.

20 Are the licensed patents required to manufacture
21 and sell RDM's products?

22 I don't know. I don't know their products.

23 So, Your Honor, the problem here is we went
24 through each one of the licenses on that, and so we've
25 asked an interrogatory on the specific and -- products

1 that -- that it -- that it sold that would be subject to
2 marking. They didn't identify a product.

3 We asked their designee: Which products are
4 covered by this license? He didn't know.

5 And so for us -- what we did with our motion in
6 limine, then we identified the products that were subject
7 to the pleadings that were publicly available that we could
8 see and that were set forth in license agreements. But for
9 the issue of they haven't identified -- they haven't met
10 their additional burden of production to identify any
11 specific products, well, they haven't told us any specific
12 products. They don't know what specific products are --
13 are subject to that.

14 And it is their burden to show compliance with the
15 marking. And how -- I'm -- I'm at a loss how we can
16 identify what specific products we claim should be marked
17 when they can't even identify what products are subject to
18 the license for that.

19 So as to the pleading issue, Your Honor, Mr. Saba
20 referenced the Federal Circuit decision and the Western
21 District of Texas decision as to the allegations of
22 willfulness are sufficient. Well, they've withdrawn their
23 willfulness allegation, Your Honor. So if they've
24 withdrawn their willfulness allegation in this case, then
25 they've withdrawn it for all purposes.

1 Additionally, in the pre-trial order that was
2 submitted to the Court, this is -- was -- was submitted
3 after we filed the motions in limine, after we raised this
4 issue, after we informed them of it, there's nothing in
5 that that addresses compliance with 287.

6 So even after this has gone forward, Your Honor,
7 there's still nothing that -- that addresses this from a
8 pleading standpoint.

9 And the Federal Circuit law is clear that it is
10 their burden to plead and prove. We've sought discovery on
11 what products are subject to licenses. We've got nothing
12 in return.

13 Therefore, we believe that -- that does shift
14 the -- that -- that we have met our burden of production,
15 and it is their duty to show at trial, if Your Honor find
16 that they have pled it first, then it's their duty to show
17 at trial the license agreements that they're introducing,
18 that those -- that the products subject to them have been
19 properly marked, as we've identified in our motion in
20 limine.

21 THE COURT: Anything further?

22 MR. HEIDRICK: No, Your Honor.

23 THE COURT: All right.

24 MR. HEIDRICK: Oh, I do have one thing, Your
25 Honor, if I may.

1 THE COURT: Yes.

2 MR. HEIDRICK: This is not an affirmative defense
3 that -- that can be waived. It is a burden of proof that
4 the -- that the Plaintiff has on this. So it's not like
5 something of you -- we haven't raised an affirmative
6 defense as part of our answer or a subject like that. It
7 is they had -- they have an affirmative burden to both
8 plead and prove compliance with the marking at trial with
9 the products that we've identified, Your Honor.

10 And that's all. Thank you.

11 THE COURT: Well, with regard to these two
12 overlapping motions in limine, the Court's persuaded that
13 the Plaintiffs properly pled the issue if by no other means
14 than raising the willfulness issue in their original
15 complaint.

16 At the time they raised their willfulness issue in
17 their original complaint, Defendants had an obligation to
18 assert a failure to mark under 287 if they took that
19 position.

20 Defendants did not assert a failure to mark. Had
21 they asserted a failure to mark, then Plaintiffs would have
22 had to come back and offer proof of either marking or
23 actual knowledge. That can't be done without notice that
24 the marking defense is being raised by the Defendant. And
25 it certainly can't be done when the first time that comes

1 up is motion in limine practice at the end of the
2 development of the case and on the eve of the trial of the
3 case.

4 This is much like an issue that this Court dealt
5 with, although it was assigned to my Magistrate Judge in
6 the Freeny versus Fossil matter. There, Judge Payne
7 properly held that the Defendant had an obligation to put
8 the Plaintiff on notice of its marking contentions, and had
9 they done that, the Plaintiff could have had a fair chance
10 to develop evidence to show that it had complied with the
11 marking statute. Failure to put them on notice until late
12 in the trial process was effectively an attempt to ambush
13 the other side.

14 And without -- without assigning mental state or
15 motive or maliciousness, it's clear this did not arise
16 until late, late in -- in the trial process. And
17 Defendants failed in light of proper -- a proper pleading
18 initially urged by Plaintiff, Defendants failed to assert
19 and raise and meet its duty to raise the marking defense
20 under Section 287.

21 And without that and without an opportunity to
22 prepare a response and evidence as called for under the
23 marking statute, it's unfair to hold Plaintiffs to that
24 failure to offer proof at this late date.

25 Also, the local rules -- the local patent rules of

1 this district require both parties to make a full
2 disclosure of their theories of the case and the issues
3 that they believe are properly judiciable before the jury.
4 Defendants never raised the marking statute in compliance
5 with their disclosure obligations under the local rules of
6 this Court.

7 Consequently, I'm going to grant PPS Data's MIL
8 No. 6, and I'm going to deny Jack Henry's MIL No. 5.

9 Also, counsel, I did not mention earlier -- and it
10 was probably an oversight on my part -- but the Defendants'
11 MIL No. 3 regarding exceeding the scope of an expert
12 report, that motion in limine appears, from my notes, to
13 have been withdrawn by the Defendants.

14 I need to confirm on the record that that is
15 accurate in the case, or we need to go back and take it up.

16 Defendants, have you withdrawn Defendant's Motion
17 in Limine No. 3?

18 MR. HEIDRICK: Jay Heidrick. Yes, Your Honor.

19 THE COURT: Okay. Then that will be noted as
20 having been withdrawn.

21 Now, having covered that, it appears, at least,
22 again, from my notes, that the Court has taken up and
23 considered and ruled on all the live motions in limine
24 asserted by either party.

25 Is either party aware of live motion in limine

1 issues that have not been dealt with by the Court or
2 otherwise withdrawn or recognized as moot in some way been
3 dealt with?

4 MR. SON: Anthony Son for PPS Data.

5 Your Honor, we're not aware of any live motions in
6 limine.

7 THE COURT: Mr. Heidrick, are you aware of
8 anything we haven't covered with regard to motion in limine
9 practice?

10 MR. HEIDRICK: I'm not aware of anything, Your
11 Honor.

12 THE COURT: Thank you. Now, it was also my
13 understanding, counsel, based on our prior pre-trial
14 hearing and the notices and communications that have taken
15 place between then and now that both sides were of the
16 opinion that with clear rulings from the Court on the
17 motions in limine, that there would be no need for the
18 Court to take up and hear individual disputes with regard
19 to pre-admission of exhibits in the case.

20 Am I correct in understanding that in light of
21 these limine rulings, the parties can submit an agreed and
22 undisputed list of pre-admitted exhibits to the Court, and
23 we don't need to open the door to argument with regard to
24 any individual disputed exhibits?

25 MR. SON: Anthony Son for PPS Data again. Yes,

1 Your Honor. I think that we can be -- we are in a position
2 now, in light of your rulings, to be -- dismiss such an
3 exhibit list.

4 THE COURT: Do you concur with that, Mr. Heidrick?

5 MR. HEIDRICK: Yes, Your Honor. It's my
6 understanding there are no objections from either side to
7 exhibits.

8 THE COURT: All right. Well, with that clarified
9 on the record, then I'm going to direct both sides to meet
10 and confer and to the extent it's not already been done to
11 submit to the Court, and particularly to the courtroom
12 deputy, a list of exhibits that are pre-admitted by
13 agreement of the parties and without dispute so that we can
14 have a defined and clearly set forth universe of
15 pre-admitted exhibits in the Court's possession and known
16 to both parties before the trial begins.

17 With that established and agreed upon list of
18 pre-admitted exhibits, there will be no need to make a
19 formal offer during the course of the trial. Either side
20 may draw from that list of pre-admitted exhibits freely and
21 without predicate in use before the jury.

22 It is my practice, to the extent you're not
23 already aware of this, but it is my practice that in this
24 regard, there is a need to keep a running record of what
25 has actually been used before the jury from the list of

1 pre-admitted exhibits, as opposed to those pre-admitted
2 exhibits that do not see the light of day before the jury
3 and are not ever used or in any way published before the
4 jury as a part of the trial.

5 So my practice in that regard is we begin the
6 trial with a clearly defined universe of pre-admitted
7 exhibits. Then beginning on the second day of the trial,
8 before I bring in the jury, I'll ask a representative for
9 each side to go to the podium and read into the record the
10 list -- the items from the list of pre-admitted exhibits
11 that they have used in the preceding day's portion of the
12 trial. I'll hear from Plaintiff, and I'll hear from
13 Defendant.

14 And I will do that each morning before I bring in
15 the jury so that on a rolling basis, we can keep clear in
16 the record what has been used before the jury from the list
17 of pre-admitted exhibits and is, in fact, an admitted
18 exhibit and a part of the evidence in the case and separate
19 that from those pre-admitted exhibits that are not used
20 during the course of the trial, are not seen or published
21 to the jury, and are not evidence or admitted exhibits in
22 the case.

23 And as I say, I'll do that on a rolling basis each
24 day throughout the trial, beginning on the morning of the
25 second day before I bring in the jury.

1 Is everybody clear on the Court's intended
2 procedure in that regard? Does anybody have any questions
3 about how I intend to do that?

4 Plaintiff?

5 MR. SON: Not for -- not on behalf of PPS Data,
6 Your Honor.

7 THE COURT: Defendant?

8 MR. HEIDRICK: No, Your Honor. Jay Heidrick.

9 THE COURT: All right. Now, you need to meet and
10 confer and get the agreed upon and undisputed list of
11 pre-admitted exhibits identified and communicated to the
12 Court. I don't see any reason why you can't have the
13 remainder of the week. It probably won't take you that
14 long, but that needs to be filed with the Court with a copy
15 furnished to the courtroom deputy not later than noon on
16 Friday of this week.

17 Mr. Heidrick?

18 MR. HEIDRICK: Your Honor, is that just the list
19 or the actual exhibits?

20 THE COURT: That's the -- that's the list of
21 pre-admitted exhibits by designated exhibit number and
22 description. However, I'm going to refer everybody to
23 Ms. Lockhart, and before the trial starts, she's going to
24 want original copies of those documents so that she can
25 manage them and keep up with them throughout the trial.

1 And whatever Ms. Lockhart tells you, you can take it as
2 being from -- from me, just as well as from her.

3 But as of Friday of this week, at noon, I just
4 want a definitive list that identifies those pre-admitted
5 exhibits. I hope that answers your question.

6 MR. HEIDRICK: Yes, Your Honor. Thank you.

7 THE COURT: All right. Having covered now both
8 the motions in limine and the issue of pre-admitted
9 exhibits and having previously dealt with the dispositive
10 motions, again, you're waiting on me for a fulsome and
11 complete opinion regarding the 101 issue, which you'll have
12 later this week, are there any other matters that either
13 Plaintiff or Defendant's aware of that we need to take up
14 and address as part of the pre-trial practice that we
15 haven't covered so far?

16 Is there anything else you're aware of, Mr. Son,
17 that we need to go back and cover?

18 MR. SON: Not -- no, Your Honor.

19 THE COURT: How about Defendants?

20 MR. HEIDRICK: No, Your Honor.

21 THE COURT: All right. Then based on all that,
22 I'll consider that this concludes the pre-trial hearing in
23 this case. And we'll go forward with our existing trial
24 date.

25 It is my intention for the clerk to play the

1 patent video from the Federal Judicial Center to the venire
2 panel before jury selection. I've gone over my intentions
3 with regard to voir dire and jury selection with you
4 earlier.

5 So unless there's something further, that will
6 complete the pre-trial hearing today.

7 The Court stands in recess.

8 COURT SECURITY OFFICER: All rise.

9 (Hearing concluded.)

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CERTIFICATION

2

3 I HEREBY CERTIFY that the foregoing is a true and
4 correct transcript from the stenographic notes of the
5 proceedings in the above-entitled matter to the best of my
6 ability.

7

8

9 /S/ Shelly Holmes _____
10 SHELLY HOLMES, CSR, TCRR
10 OFFICIAL REPORTER
11 State of Texas No.: 7804
11 Expiration Date: 12/31/20

8/27/19
Date

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